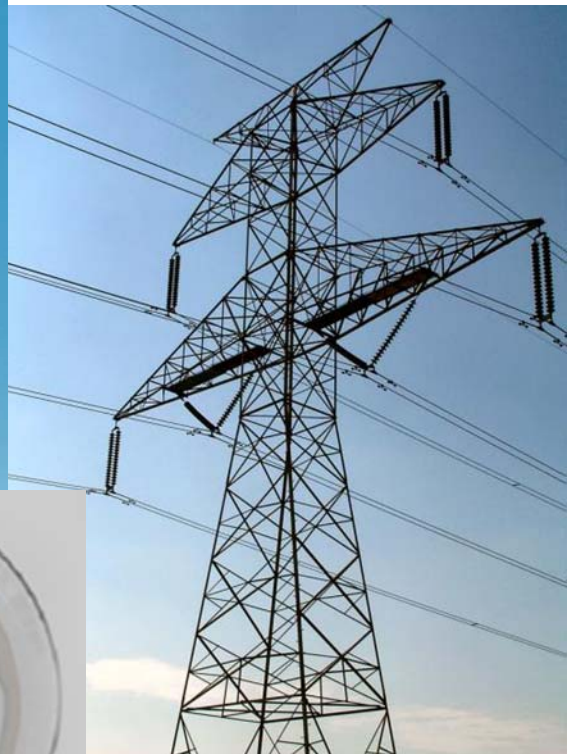


# Electric Reliability Council of Texas



## Strategic Plan



2013 – 2017

# ERCOT's Mission

**We serve the public by ensuring a reliable grid, efficient electricity markets, open access and retail choice.**

The Electric Reliability Council of Texas (ERCOT) manages the flow of electric power to approximately 23 million Texas customers — representing 85 percent of the state's electric load and 75 percent of the Texas land area. As the Independent System Operator for the region, ERCOT schedules power on an electric grid that connects 40,500 miles of transmission lines and more than 550 generation units. ERCOT also manages financial settlement for the competitive wholesale bulk-power market and administers customer switching for 6.6 million premises in competitive choice areas.



## ERCOT's Vision for the Future

**Proactively evaluate and address resource and transmission adequacy risks leveraging emerging technologies and new market products while effectively communicating those risks to our stakeholders.**

# ERCOT's Core Values

A stylized lightbulb icon with a grey base and a blue-tinted glass part. The word "Accountability" is written inside the glass part.

## Accountability

Taking personal responsibility for doing the right things the right way.

A stylized lightbulb icon with a grey base and a blue-tinted glass part. The word "Innovation" is written inside the glass part.

## Innovation

Implementing and operating creative solutions.

A stylized lightbulb icon with a grey base and a blue-tinted glass part. The word "Expertise" is written inside the glass part.

## Expertise

Developing and demonstrating respected skill and knowledge.

A stylized lightbulb icon with a grey base and a blue-tinted glass part. The word "Leadership" is written inside the glass part.

## Leadership

Developing a vision and ensuring its successful completion.

A stylized lightbulb icon with a grey base and a blue-tinted glass part. The word "Truth" is written inside the glass part.

## Truth

Building confidence and consistency through reliability, truth, and ability.



- **Resource Adequacy**
  - **Transmission Adequacy**
  - **Market Evolution**
  - **Regulatory Environment**
  - **Cyber Security**
  - **New and Emerging Technologies**
  - **Complexity of the Business Environment**
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#### **Resource Adequacy:**

ERCOT's role in the competitive market is to provide an outlook for future peak demand and how much generation will be needed to maintain long-term reliability of the electric grid. Energy demand growth without commensurate increased capacity is expected to continue to put pressure on reserve margins in upcoming years. ERCOT must be able to anticipate and respond rapidly to changes in market dynamics, rules, and processes that are directed toward ensuring resource adequacy.

#### **Transmission Adequacy:**

Load growth and changes in load and generation location may lead to transmission constraints on the ERCOT grid. In order to improve grid reliability and power deliverability as well as to reduce congestion and improve grid efficiency, ERCOT completes system planning studies of the ERCOT transmission system. ERCOT will work with transmission owners and stakeholder committees to ensure a transmission system that cost-effectively meets relevant NERC standards and ERCOT Protocol requirements, facilitates the ERCOT market, and appropriately accounts for low probability events that could have significant market impact.

### **Market Evolution:**

There is a correlation between actions taken to ensure reliability and the impact those actions have on prices within the marketplace. The market should be designed to send accurate price signals, drive reliability and transparency, and provide opportunities to mitigate risk to Market Participants.

### **Regulatory Environment:**

Proposed environmental standards and their implementation timelines can impact resource adequacy and reserve margins. Potential changes to market rules, changes to NERC event analysis requirements, new NERC requirements, and support of PUCT Protocol and Operating Guide enforcement all require close coordination between ERCOT and state and national regulators.

### **Cyber Security:**

The ongoing evolution of cyber threats requires ERCOT to continually reassess and upgrade its cyber security defenses and risk management capabilities. Potential national cyber security legislation and the determination of which federal agency ultimately has jurisdiction regarding the development and implementation of new security standards will impact ERCOT.

### **New and Emerging Technologies:**

A variety of new resource types are entering the market place. To ensure appropriate integration of these new resources, ERCOT, in cooperation with the Public Utility Commission of Texas and Market Participants, may design and execute clearly defined pilot programs to explore the capabilities and behaviors of various emerging technologies. Utilizing the data collected through pilot programs, stakeholders in the ERCOT region will be better positioned to develop Protocol language to integrate new technologies.

### **Complexity of the Business Environment:**

The complexity of the ERCOT environment and the technology required to design, develop and execute ERCOT operations and markets require highly skilled individuals. Such expertise is in high demand, limited supply and difficult to develop. ERCOT is continuously challenged to attract, develop and retain individuals with subject matter expertise and familiarity with ERCOT processes.



## Strategic Objectives

***Grid Management***

***Market Evolution***

***Compliance, Security,  
and Enterprise Risk  
Management***

***External Affairs***

***Human Resources  
and Organizational  
Development***



# Grid Management

**Manage the grid in a manner that maintains a high level of reliability.**

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- 1.1 Work with Market Participants to ensure the grid is positioned to effectively respond to future operational challenges.**
- 1.2 Develop a long-term (greater than five years) transmission strategy for the region and incorporate into the mid-term (one to five years) transmission plan.**
- 1.3 Guide the market in the integration of emerging technologies and demand response into the ERCOT grid.**



# Market Evolution

**Manage the development of  
wholesale and retail markets to meet  
a changing business environment.**

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- 2.1 Facilitate market development that  
incentivizes resource investment.**
  - 2.2 Recognize and remedy anomalies in, and  
implement improvements to, the market  
design.**
  - 2.3 Evaluate opportunities for loads and  
alternate technologies to participate in  
the wholesale market.**
  - 2.4 Ensure credit requirements are  
appropriate to support financial stability  
of the ERCOT market.**
  - 2.5 Develop and support enhancements to  
the ERCOT retail market.**
  - 2.6 Support the market evolution of new  
products and services to increase  
participation in demand response  
programs.**
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# **Compliance, Security and Enterprise Risk Management**

**Meet the requirements for compliance with risk based reliability standards, cyber security requirements, and Protocol and Operating Guides.**

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- 3.1 Promote a “Culture of Reliability, Security and Compliance” throughout ERCOT consistent with the evolving focus of NERC, FERC and TRE.**
  - 3.2 Deploy best practice processes and incorporate NAESB standards to meet compliance expectations.**
  - 3.3 Actively participate in industry committees and in partnership with NERC, FERC and ISO experts.**
  - 3.4 Assist the PUCT in Protocol and Operating Guides compliance.**
  - 3.5 Prioritize security initiatives to defend ERCOT’s sensitive information and critical assets.**
  - 3.6 Integrate enterprise risk management across the organization.**
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# External Affairs

**Develop and maintain productive external relationships through proactive, effective and comprehensive communications.**

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- 4.1 Provide timely, accurate and useful information to external audiences including policy makers, market participants, consumers and other stakeholders.**
  - 4.2 Strategically expand ERCOT's profile and develop its reputation as an independent voice and thought leader to assist policy makers in their deliberations.**
  - 4.3 Implement effective outreach strategies during times of grid alerts and appeals for conservation.**
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# **Human Resources and Organizational Development**

**Attract, develop and retain a highly  
skilled workforce.**

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**5.1 Enhance performance management and  
talent identification processes.**

**5.2 Focus on career development and  
growing needed skills.**

**5.3 Refine the succession planning process  
for executive and director level positions.**

**5.4 Expand recruiting and retention by  
capitalizing on ERCOT's image as an  
industry leader in retail, wholesale and  
grid operations.**

**5.5 Recognize and celebrate individual and  
team accomplishments.**

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